

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

IN RE:

REICHMANN PETROLEUM CORP.,
DEBTOR.

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CASE NO. 06-60843-BP-11
CHAPTER 11

AFFIDAVIT IN SUPPORT OF THE DEBTOR'S APPLICATION
FOR ENTRY OF AN ORDER AUTHORIZING EMPLOYMENT
OF FTI CONSULTING, INC.

STATE OF TEXAS

COUNTY OF SMITH

I, Albert S. Conly, being duly sworn, hereby deposes and says:

1. I am a Senior Managing Director with FTI Consulting, Inc. (together with its wholly owned subsidiaries, agents, independent contractors and employees "FTI"), a financial advisory services firm with numerous offices throughout the country. I submit this Affidavit on behalf of FTI (the "Affidavit") in support of the application (the "Application") of Reichmann Petroleum Corporation ("Reichmann"), the debtor and debtor-in-possession in the above-captioned chapter 11 cases (collectively, the "Debtor"), for an order authorizing the employment and retention of FTI as financial advisors under the terms and conditions set forth in the

Application. Except as otherwise noted¹, I have personal knowledge of the matters set forth herein.

Disinterestedness and Eligibility

2. In connection with the preparation of this Affidavit, FTI conducted a review of its contacts with the Debtor, their affiliates and certain entities holding large claims against or interests in the Debtor that were made reasonably known to FTI. A listing of the parties reviewed is reflected on Exhibit A to this Affidavit. FTI's review, completed under my supervision, consisted of a query of the Exhibit A parties within an internal computer database containing names of individuals and entities that are present or recent former clients of FTI. A summary of such relationships that FTI identified during this process is set forth on Exhibit B to this Affidavit.

3. Based on the results of its review, FTI does not have a relationship with any of the parties on Exhibit A in matters related to these proceedings. FTI has provided and could reasonably be expected to continue to provide services unrelated to the Debtor's case for the various entities shown on Exhibit B. FTI's assistance to these parties has been related to providing various financial restructuring, litigation support and/or engineering and scientific investigation consulting services. To the best of my knowledge, no services have been provided to these parties in interest which involve their rights in the Debtor's case, nor does FTI's involvement in this case compromise its ability to continue such consulting services.

¹ Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at FTI and are based on information provided by them.

4. Further, as part of its diverse practice, FTI appears in numerous cases, proceedings and transactions that involve many different professionals, including attorneys, accountants and financial consultants, who may represent claimants and parties-in-interest in the Debtor's chapter 11 cases. Also, FTI has performed in the past, and may perform in the future, advisory consulting services for various attorneys and law firms, and has been represented by several attorneys and law firms, some of whom may be involved in these proceedings. In addition, FTI has in the past, may currently and will likely in the future be working with or against other professionals involved in these cases in matters unrelated to the Debtor and these cases. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these relationships create interests materially adverse to the Debtor in matters upon which FTI is to be employed, and none are in connection with these cases.

5. FTI does not believe it is a "Creditor" with respect to fees and expenses of the Debtor within the meaning of Section 101(10) of the Bankruptcy Code. Further, neither I nor any other member of the FTI engagement team serving the Debtor, to the best of my knowledge, is a holder of any outstanding debt instruments or shares of the Debtor's stock.

6. FTI has not reviewed the relationship that the members of the FTI engagement team may have against a comprehensive list of employees within the U.S. Trustee's office in this District, but will do so upon being provided with a list of such persons by the office of the U.S. Trustee.

7. As such, to the best of my knowledge, FTI is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that FTI:

- (a) is not a creditor, equity security holder or insider of the Debtor;
- (b) is not and was not an investment banker for any outstanding security of the Debtor;
- (c) has not been, within three years before the date of the filing of the Debtor's chapter 11 petitions, (i) an investment banker for a security of the Debtor or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtor; and
- (d) was not, within two years before the date of filing of the Debtor's chapter 11 petitions, a director, officer, or employee of the Debtor or of any investment banker as specified in subparagraph (b) or (c) of this paragraph.

In addition, to the best of my knowledge and based upon the results of the relationship search described above and disclosed herein, FTI neither holds nor represents an interest adverse to the Debtors within the meaning of Section 327(a) of the Bankruptcy Code.

8. It is FTI's policy and intent to update and expand its ongoing relationship search for additional parties in interest in an expedient manner. If any new material relevant facts or relationships are discovered or arise, FTI will promptly file a Bankruptcy Rule 2014(a) Supplemental Affidavit.

Professional Compensation

9. Subject to Court approval and in accordance with the applicable provisions of title 11 of the United States Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure, applicable U.S. Trustee guidelines and the local rules of this District, FTI will seek payment for compensation on an hourly basis, plus reimbursement of actual and necessary expenses incurred by FTI. FTI's customary hourly rates as charged in bankruptcy and non-bankruptcy matters of this type by the professionals assigned to this engagement are outlined in the Application for the employment of FTI. These hourly rates are adjusted annually.

10. According to FTI's books and records, during the ninety day period prior to the Debtor's petition date, FTI received \$100,000 from the Debtor as a retainer for work to be performed and expenses to be incurred.

11. To the best of my knowledge, a) no commitments have been made or received by FTI with respect to compensation or payment in connection with these cases other than in accordance with the provisions of the Bankruptcy Code and b) FTI has no agreement with any other entity to share with such entity any compensation received by FTI in connection with these chapter 11 cases.

Dated this 28th day of December 2006.



Albert S. Conly

SUBSCRIBED AND SWORN TO BEFORE ME this 28th day of December.

Laurie Palmer
Notary Public

My Commission Expires:

11/14/2007

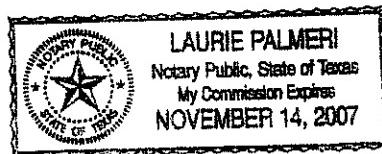


EXHIBIT A

Listing of Parties-in-Interest Reviewed for Current Relationships

Debtors

Reichmann Petroleum Corporation

Law Firms

Neligan Foley LLP

EXHIBIT B

Parties-in-Interest Noted for Court Disclosure

Relationships in Matters Related to These Proceedings

None

Relationships in Unrelated Matters

None